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DEADLY
FLOODS

MAN-MADE CATASTROPHE

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FLOOD RELIEF

AND PUBLIC PRIVATE PARTNERSHIPS

With the current wave of catastrophic floods in the country, the consequent state of inundated rural infrastructure has profoundly shaken the already trembling rural and agriculture economy. In the current milieu, not only the waterways, barrages, culverts, dams, and other basic water management infrastructure has been ruined, rather it has vastly razed the wholesome structure of housing, health, education and other facilities at the grassroots levels, which though have never been up to mark in the past but were at least available to rural population in one form or other. In such an appalling scenario, the worst coincidence is the most exhaustive economic melt town being experienced at the macroeco-





conomic levels in the backdrop of unprecedented price hike and the strangulating inflationary trends. Under such pressing circumstances, understandably the capacity of government to finance the loss of infrastructure as well as to rehabilitate the basic state of life supporting services clearly falls short, whereas the need to rebuild is compelling, imminent and emergent.

In consequence of the sorry state of affairs, the government is striving hard to fetch support from the external resources, international support organizations, donor agencies and the friendly governments. However, one of the potential avenues to bridge up the gap is to look inwards for seeking desired investment support from the private sector that may collaborate with the government for arranging fast-track support lines against the most shattering tragedy being faced in the country. The question is not when but how the principle and modalities of Public Private Partnership (PPPs) can be applied to bring about the desired consolation through the range of remedies to flood stricken masses.

The time is high for some long-term commitments and striking doable partnerships to structure the fast relief projects in the domains of housing, health, education

and agriculture etc. which may keep the wolf away from the door. The challenge is about how to strike the PPP deals in due course of immediacy which may specifically cater for the immediate needs of infrastructure and social services in the flood affected areas. In this regard the possibilities do exist, whereas the PPP units and authorities already functional at federal and provincial levels share the prime responsibility to liaise with the line departments and work out the best programs and projects, which may supplement the government's efforts targeting the rebuilding and revitalization of infrastructure services against the widespread destruction and economic loss.

Nearly all the big and medium corporates in the country have the CSR (Corporate and Social Responsibility) wings as part of their organization set-ups. While the immediate relief rests with the provisions of food, cloth and shelter to the affected people and calamity migrants, the government must motivate and incentivize the private sector to activate their CSR wings and spread the relief and life support services, where necessary. In the meantime, the government should measure the account of loss and prioritize the projects which can be implemented with the help of private sector.

In context with the health sector, particularly the provincial governments can

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chalk out their plans through building webs of hospitals and health facilities under the umbrella of PPPs and shifting the responsibilities of project finance and operations to private sector. We have examples in the country where number of small projects were integrated as a single project for tendering purposes to spark the interest of private sector and develop appropriate partnerships with them. In such case of emergent PPPs, government with a greater responsibility of relief may increase their exposure through upfront offering of necessary concessions and / or paying the major share of annuity-based payments to private sector as part of the deal structure. In this regard, the PPPs may even be formed in such a way to capture hundred percent or most of the expense of running those health facilities through the annuity payments to be paid by government to private sector partner without burdening the people, who may not be able to pay the cost of services being delivered by such hospitals and health facilities. In this regard, the government may take advantage of the PPPs through paying such annuity payments through regular intervals instead of paying the one-time capital cost of those projects.

Needless to mention that in a typical PPP Project, the responsibility of the capital cost is naturally borne by the private sector at the first stage after the execution of concession agreements. This arrangement will shift the responsibility of building public assets to private sector counterpart as part of Build Own Operate (BOT) modality. Such health schemes can be transformed into PPP projects covering different parts of the country, where health services are shattered in result of the calamitous situations.

In the above perspective, the government must charge immediate efforts which may target the quickest possible structuring of PPPs through the help of concerning organizations. The next step will be to showcase and to push forward the marketing of these schemes within private sector and investment domains to ignite their interests and seeking their inputs for the best and the most pragmatic designing of



such schemes and the best possible execution models of service delivery. In parallel to such measures, banks and other financing institutions must also be engaged for supporting such relief-based initiatives of the government through the best loaning avenues to be dedicated for the private sector engaged in such emergent PPPs.

Besides health sector, there is vast margin of developing similar PPPs in the education, energy and housing sectors, subject to sensitizing the concerning departments for charging their efforts and dedicating resources in pursuit of such plans. In past we have plausible instances where public private partnership worked successfully through the 'Management Contract' modality in the education sector. In such PPP models, the government built the educational facilities in the rural areas from its own resources and handed over the management contract to private sector for the provision of educational services to general masses in compliance of established quality standards. This is another possible avenue, where government can staple relief to the flood-stricken people for the rapid re-development of educational facilities to be served at their doorstep already devastated in the floods. Alternatively, there are other flexible options for the government to engage private sector through Build Operate Transfer (BOT) and other tailor-made

viable PPP opportunities which may suit the existing situations of emergency. For that very purpose, the government may incentivize the PPP units to create such schemes which may cater for the medium and long term needs of the people without compromising the quality and long term disconnection of desired infrastructure facilities.

In the giving circumstances, where the all-out focus is shifted towards seeking financial aid and support for the immediate rebuilding of the grass root economy, there is still an ample margin left to make the best use of creativity, innovation, out of box solutions and to make the best use of what is spared and saved. In this regard, private sector must be taken as a resource that can be engaged, motivated, incentivized and partnered for the best possible PPP deals focusing on the rebuilding of infrastructure and social services which are devastated by the dreadful floods.

At this stage in time, this will be utterly unwise to expect from the government for not only withstanding the gigantic loss of property and services as well as to pay against the debilitation of infrastructure facilities. With these facts in mind, the key strategy should be to strike worthwhile PPP deals with the private sector, by which government should be allowed to pay the same through long term partnerships with them as part of well-structured PPPs. Towards this end, although one can make the best use of annuity model through number of variations and improvements, however there are innumerable possibilities of BOT and other PPP modalities which can be applied in accordance with the typical stringency of the situation and vis-à-vis the nature of the project. Long and short, public private partnership is a tool which is interdisciplinary in nature and can be sufficiently applied in accordance with the need of an hour, even in these times of national exigency. ••

- The Writer is incumbent Chief Executive Officer of Punjab Public Private Partnership Authority, Government of Punjab